

BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. \_\_\_\_\_

IN RE:

Joint Application of BellSouth BSE, Inc. and  
BellSouth Long Distance, Inc. for Approval  
of Merger  
\_\_\_\_\_

) ) ) ) )  
JOINT  
APPLICATION

Pursuant to S.C. Code Ann. §58-9-310, BellSouth BSE, Inc. ("BSE") and BellSouth Long Distance, Inc. ("BSLD") hereby submit their Joint Application to the Public Service Commission of South Carolina ("Commission") for the Commission's approval of the merger of BSE into BSLD, including without limitation the transfer and/or merger of BSE's certificate of public convenience and necessity to provide competing local exchange telecommunications services in South Carolina into BSLD. In support of this Application, Applicants state as follows:

1. The name and address of the Applicants are:

BellSouth BSE, Inc.  
400 Perimeter Center Terrace, Suite 350  
Atlanta, Georgia 30346

BellSouth Long Distance, Inc.  
400 Perimeter Center Terrace, Suite 400  
Atlanta, Georgia 30346

2. BSE's and BSLD's authorized representative in this proceeding is:

Patrick W. Turner  
1600 Williams Street, Suite 5200  
Columbia, South Carolina 29201  
Telephone: (803) 401-2900  
Facsimile: (803) 254-1731  
Email: patrick.turner@bellsouth.com

Correspondence or communication relative to this application should be addressed to this authorized representative.

3. In addition to the information set forth in this Application and the exhibits hereto, the relief requested by the Applicants is further supported by the verified, pre-filed testimony of Mario Soto. Mr. Soto's verified testimony is being filed with the Commission contemporaneously with this Joint Application.

**BellSouth BSE, Inc.**

4. BSE is a corporation formed and existing under the laws of the State of Delaware and is a wholly-owned subsidiary of BellSouth Corporation.

5. BSE provides local exchange telecommunications services in the State of South Carolina pursuant to a certificate of public convenience and necessity the Commission granted in Order No. 97-1063 in Docket No. 97-361-C.

6. BSE intends to merge into BSLD during the first half of 2004. As part of that merger, BSE intends to merge all of its assets into BSLD, including without limitation the following: accounts receivable in the amount of less than \$200,000, BSE's customer base of fewer than 80 customers, and BSE's certificate of public convenience and necessity to provide all forms of local exchange services on a statewide basis in South Carolina, subject to the conditions contained in the Stipulation that BSE has signed with the South Carolina Telephone Coalition ("SCTC"). Applicants seek the Commission's approval of this merger.

7. BSLD has no plans to offer local exchange telecommunications services in areas served by any incumbent local exchange telephone company with fewer than 100,000 access lines. Should those plans change in the future, however, BSLD will honor the terms and conditions of Exhibit 1, which is the Stipulation that BSE has signed with the South Carolina Telephone Coalition ("SCTC"). BSLD acknowledges that BSE's Certificate of Convenience and Necessity that will be merged into BSLD is subject to and includes all of the terms and conditions of this Stipulation. BSLD, therefore, will honor the terms of this Stipulation after the merger is complete.

8. This corporate change is strictly *pro forma* and will not impact the provision of telecommunications services in South Carolina. There will be no change in the ultimate ownership, control or management or the day-to-day operations of the authorized carrier. Service will be provided using the same network, billing systems, and customer service operations used by BSE today. After the merger is complete, BSLD will provide current BSE customers with the services they are currently receiving from BSE pursuant to BSLD contracts and tariffs that offer such services under the same rates, terms and conditions as these customers currently receive.

**BellSouth Long Distance, Inc.**

9. BSLD was incorporated in the State of Delaware on March 13, 1996 and is a wholly-owned subsidiary of BellSouth Corporation.

10. BSLD currently provides certain intrastate interexchange telecommunications services throughout South Carolina pursuant to a certificate of public convenience and necessity granted or approved by the Commission in Order No. 97-963 in Docket No. 97-285-C.

11. As shown in Exhibit 2 and in the pre-filed verified testimony of Mario Soto, BSLD has (and, after the merger is complete, will continue to have) technical and managerial

resources sufficient to provide the services that BSLD and BSE currently are certificated to provide in the State of South Carolina. BSLD already is certificated to provide intrastate interexchange service in South Carolina, and the proposed merger will have no adverse impact on BSLD's technical or managerial resources to continue providing such service in South Carolina. After the merger is complete, the operations of BSLD in its capacity as a CLEC will be directed by its senior management and will be assisted by a professional technical and operations staff. These persons also will have both marketing and operations responsibility for BSLD. BSLD and its affiliates have extensive experience in the provision of telecommunications services throughout the United States and abroad.

12. As shown in Exhibit 3 and in the pre-filed verified testimony of Mario Soto, BSLD has (and, after the merger is complete, will continue to have) financial resources sufficient to provide the services that BSLD and BSE currently are certificated to provide in the State of South Carolina. BSLD already is certificated to provide intrastate interexchange service in South Carolina, and the proposed merger will have no adverse impact on BSLD's financial resources to continue providing those services in South Carolina. Given that BSLD is a relatively new participant in the telecommunications industry and that BSLD does not currently provide local exchange service in any state, financial information regarding BSLD is very limited. Accordingly, with regard to its operations in its capacity as a CLEC, BSLD is an affiliate of BellSouth Corporation and as such will rely upon the financial qualifications of its parent, BellSouth Corporation. BellSouth Corporation is a diversified telecommunications company, serving approximately 14 million customers. Additionally, BSLD has a number of financing vehicles in place to ensure adequate liquidity in meeting its anticipated funding needs.

13. After the merger is complete, BSLD will provide services that will meet the service standards that the Commission has adopted and that the Commission may adopt.

14. After the merger is complete, BSLD's provision of service will not adversely impact the availability of affordable local exchange service.

15. After the merger is complete, BSLD, to the extent that it may be required to do so by the Commission, will participate in the support of universally available telephone service at affordable rates.

16. After the merger is complete, BSLD's provision of service following the merger will not otherwise adversely impact the public interest.

17. After the merger is complete, BSLD's contact for regulatory matters will be:

Mary Jean Dennis  
Director – Business Implementation & Compliance  
400 Perimeter Center Terrace, Suite 400  
Atlanta, GA 30346  
(770) 352-3077 (phone)  
(687) 443-3470 (fax)  
[mary.dennis@bellsouth.com](mailto:mary.dennis@bellsouth.com) (email)

18. After the merger is complete, BSLD's contact regarding financial matters will be:

William Schneider  
Controller  
400 Perimeter Center Terrace, Suite 400  
Atlanta, GA 30346  
(770) 352-3352  
(678) 443-3475  
[bill.Schneider@bellsouth.com](mailto:bill.Schneider@bellsouth.com)

19. After the merger is complete, BSLD will file tariffs that are identical to the ones that are currently on file with the Commission and that are identified as BSE South Carolina

P.S.C. Tariff No. 1, except that the carrier name will be changed from BSE to BSLD. There will be no change to the current prices, or terms and conditions of services that BSE is providing today.

20. BSLD and BSE will provide notice to BSE's customers of the impending merger. Exhibit 4 is a copy of the notice.

WHEREFORE, for the reasons stated above, BSE and BSLD respectfully request that the Commission enter an order approving the merger of BSE into BSLD, including without limitation the transfer and/or merger of BSE's existing certificate of public convenience and necessity (including and subject to the Stipulation attached as Exhibit 1) into BSLD.

This 17th day of February, 2003.

Respectfully submitted,



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Patrick W. Turner  
1600 Williams Street, Suite 5200  
Columbia, South Carolina 29201  
(803) 401-2900

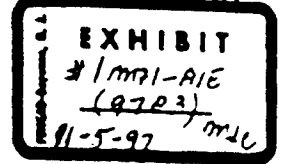
ATTORNEY REPRESENTING BELL SOUTH  
BSE, INC. AND BELL SOUTH LONG  
DISTANCE, INC.

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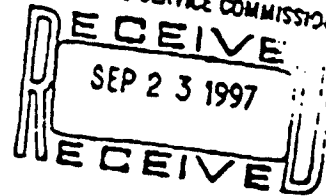
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BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA  
Docket No. 97-361-C



Re: Application of BellSouth BSE, Inc. for a )  
Certificate of Public Convenience and )  
Necessity to Provide Resold and Facilities- )  
Based Local Exchange )  
Telecommunications Services Throughout )  
the State of South Carolina )

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and BellSouth BSE, Inc. ("BellSouth BSE") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, the necessity for SCTC's intervention in this matter is avoided and SCTC withdraws its opposition to BellSouth BSE's Application. SCTC and BellSouth BSE stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to BellSouth BSE, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. BellSouth BSE stipulates and agrees that any Certificate which may be granted will authorize BellSouth BSE to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. BellSouth BSE stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

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4. BellSouth BSE stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until BellSouth BSE provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, BellSouth BSE acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. BellSouth BSE stipulates and agrees that if, after BellSouth BSE gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or the Commission institutes a proceeding of its own, then BellSouth BSE will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. BellSouth BSE acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Stipulation in no way suspends or adversely



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affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. BellSouth BSE agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

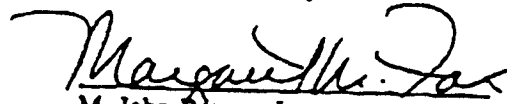
9. BellSouth BSE hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 23<sup>rd</sup> day of September 1997.

BellSouth BSE, Inc.

  
Harry M. Lightsey, III

South Carolina Telephone Coalition:

  
M. John Bowen, Jr.  
Margaret M. Fox  
McNair Law Firm, P.A.  
Post Office Box 11390  
Columbia, South Carolina 29201  
(803) 799-9800

Attorneys for the South Carolina  
Telephone Coalition

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## ATTACHMENT A

### South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.  
Bluffton Telephone Company, Inc.  
Chesnee Telephone Company  
Chester Telephone Company  
Farmers Telephone Cooperative, Inc.  
Fl. Mill Telephone Company  
Hargray Telephone Company, Inc.  
Heath Springs Telephone Company Inc.  
Home Telephone Company, Inc.  
Horry Telephone Cooperative, Inc.  
Lancaster Telephone Company  
Lockhart Telephone Company  
McClellanville Telephone Company  
Norway Telephone Company  
Palmetto Rural Telephone Cooperative, Inc.  
Piedmont Rural Telephone Cooperative, Inc.  
Pond Branch Telephone Company  
Ridgeway Telephone Company  
Rock Hill Telephone Company  
Sandhill Telephone Cooperative, Inc.  
St. Stephen Telephone Company  
West Carolina Rural Telephone Cooperative, Inc.  
Williston Telephone Company

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BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA

Docket No. 97-361-C

Re: Application of BellSouth BSE, Inc. for a )  
Certificate of Public Convenience and )  
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Based Local Exchange )  
Telecommunications Services Throughout )  
the State of South Carolina )

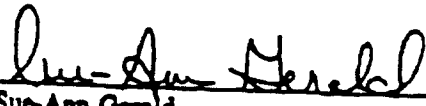
CERTIFICATE OF SERVICE

I, Sue-Ann Gerald, do hereby certify that this day I caused to have served the foregoing  
Stipulation to the below named party of record, by having same delivered as indicated, this 23rd  
day of September, 1997, and addressed as follows:

U.S. MAIL - FIRST CLASS POSTAGE AFFIXED:

Harry M. Lightsey, III, Esquire  
1100 Peachtree Street, N.E., Suite 500  
Atlanta, Georgia 30309-4599

Columbia, South Carolina

  
Sue-Ann Gerald

## **DESCRIPTION OF SENIOR MANAGEMENT OF APPLICANT**

### **Rex Adams, President-Long Distance Services**

Rex Adams is responsible for leading BellSouth's entry into the consumer and business long distance markets, calling card services, wireless, operator services, and 1+ domestic and international calling plans. He has held a variety of positions with BellSouth, most recently Vice President and General Manager-eBusiness Services, where he was responsible for BellSouth's Hosting and Internet Services. Mr. Adams has also worked in BellSouth Billing, Inc., Corporate Planning and Development, BellSouth Information Technology Organization and was Vice President-Planning and Development and Administration at BellSouth Long Distance. He was instrumental in the initial planning, strategy and resourcing of BellSouth Long Distance in its preparation for wire line entry in May 2002 and its initial success.

Before joining BellSouth in 1994, Mr. Adams was a consultant at Monitor Company, a strategy consulting firm that was founded by Harvard Business School professor Michael Porter. While at Monitor Company, Mr. Adams was involved with clients in a number of industries, including oil and gas, the retail sector, and telecommunications.

Mr. Adams is a graduate of the Harvard Business School and a graduate of the United States Military Academy at West Point.

### **Harris R. Anthony, Vice President -General Counsel**

Mr. Anthony arrived at BellSouth Long Distance in early 2000, but has worked in BellSouth's Legal Department since 1977. He began his career with BellSouth as a labor attorney, then was BellSouth Telecommunications, Inc. ("BST"), General Counsel for Georgia and, later, BST General Counsel for Florida. He returned to Atlanta in 1994, where he assumed responsibility for BellSouth's Commercial Attorneys.

Mr. Anthony graduated Magna Cum Laude from Colgate University and went on to earn his Juris Doctorate from Duke University School of Law.

### **Janet A. Kibler, Vice President-Billing and Support**

Jan Kibler holds the title of President, BellSouth Long Distance, Inc. ("BSLD"). Prior to moving to BellSouth Long Distance in 1998, Ms. Kibler spent more than eight years in the yellow pages business. Her responsibilities focused largely on strategic planning and business development for the Advertising and Publishing Group. Ms. Kibler's prior work experience includes assignments at PepsiCo, Inc. and Dillon, Read and Co., both in New York City.

Ms. Kibler, a native of Georgia, graduated Summa Cum Laude from the University of the South with a Bachelor's Degree in Economics. She also has a Master's Degree in Business Administration from the University of Chicago.

Chris Anderson, Vice President-Business Products and Support

In his current assignment, Mr. Anderson is responsible for the overall development and management of BellSouth's InterLATA products for the Mid Market Business and Large Business marketplaces.

Prior to his current assignment, Mr. Anderson was Senior Director - Wholesale at BellSouth Long Distance. In that assignment, Mr. Anderson and his team led BellSouth into the long distance wholesale market nationwide. Prior to leading the wholesale group, Mr. Anderson was Director of Staff - BellSouth Value Added Services at BellSouth's Corporate Headquarters where he provided financial and strategic support.

Mr. Anderson started his career with BellSouth in the Large Business Sales Market holding various positions of increasing responsibility through Director of Business Development.

Mr. Anderson holds a Bachelor's Degree in Management from the Georgia Institute of Technology.

Robert B. Bentley, Vice President-Consumer and Wholesale Products

Rob Bentley is Vice President - Consumer and Wholesale Products at BSLD. His responsibilities include development of Consumer and Small Business long distance products and services, sales, marketing and operations for BellSouth's wholesale business as well as the BellSouth Long Distance Carrier Relations organization, managing BellSouth's carrier vendor relationships.

Mr. Bentley has held a variety of positions of increasing responsibility during his 14 years at BellSouth and, most recently, as General Manager - BellSouth Mobility West Tennessee, where he was responsible for all operations of the wireless business. He was responsible for all channels to market, including retail, direct and third party indirect distribution. Prior to that assignment, Mr. Bentley served as Director - National Accounts at BellSouth Advertising and Publishing Company ("BAPCO") in Atlanta, where he was responsible for sales management and interface with BAPCO's largest customers. This role also included the management of the publishing and customer service functions that served BAPCO's national customers.

Mr. Bentley holds a Bachelor's Degree in Business Administration from Appalachian State University and a Master's Degree in Business Administration from Mercer University.

Joe Gilman, President-BellSouth Carrier Professional Services

Joe Gilman is President - BellSouth Carrier Professional Services, Inc. In this role, he is responsible for the network planning, network operations, customer care operations planning, service delivery, service assurance and customer care functions of BellSouth's long distance operations. His assignment prior to coming to BellSouth Long Distance Services in 1997 was as Vice President - Business Planning in BellSouth International. He had responsibility for directing planning activities for competitive fixed network and long distance opportunities in Europe for two years while he was based in BellSouth's European headquarters in Brussels, Belgium. Prior to that, he was responsible for oversight and management of BellSouth's operating interests in the Asia/Pacific region, including Optus Communications in Australia, the second telecommunications carrier for Australia.

Earlier in his twenty-eight year career with BellSouth, he held a number of technical management positions within BellSouth Telecommunications, including responsibility for switching engineering, new services implementations, circuit provisioning and network operations.

In 1990, Mr. Gilman was awarded a Master's Degree in Management of Technology from the Massachusetts Institute of Technology. He also holds a Bachelor's Degree in Mathematics from Kentucky's Morehead State University.

Sharon G. Spears, Chief Financial Officer-BellSouth Long Distance, Inc.

Sharon Spears, Chief Financial Officer - BellSouth Long Distance, has been a part of the BellSouth Long Distance team since 1998, holding various positions in Business Planning and Finance, including Controller and Senior Director - Business Planning and Development. Prior to joining BellSouth Long Distance, Ms. Spears worked as Manager - Financial Operations for BellSouth International. She has been with BSLD since 1996. Ms. Spears worked at Coopers & Lybrand prior to joining BSLD.

She has a Bachelor's Degree in Accounting from Auburn University.

Mike Reagan, Chief Information Officer-BellSouth Long Distance, Inc.

Mike Reagan, Chief Information Officer - BellSouth Long Distance, was part of the BellSouth Long Distance Information Technology ("IT") organization from 1996 to 2001. Prior to joining BellSouth, Mr. Reagan held a number of positions with Sprint and MCI. In all, Mr. Reagan has been in telecommunications for 19 years and has held positions in network engineering, sales support, product development and information technology.

As CIO, Mr. Reagan is responsible for all IT planning and strategy, architecture, application development, application support, operations and project management for BellSouth Long Distance. Mr. Reagan has a Bachelor's Degree in Electrical Engineering and Mathematics from Geneva College in Pennsylvania.

## **BSE-BSLD Merger Customer Notification Messages**

### **Customer Bill Message**

Dear BellSouth Long Distance Customer,

BellSouth BSE, Inc. (BSE) will soon be merging with BellSouth Long Distance, Inc., pending approval by all appropriate regulatory agencies. If you currently have a contract with BellSouth Long Distance for Frame Relay services, the local component of your BellSouth Long Distance Frame Relay service is contracted with and provided by BSE. Effective with the merger, your contract for local Frame Relay service will be assigned from BSE to BellSouth Long Distance. This merger will be totally transparent to you except that BSE will no longer be referenced in your invoice. There will be no changes to the terms, rates and conditions of your contract.

We thank you for your business. If you have any questions, please call 800-895-2222.

### **Customer Direct-Mail Message**

Dear BellSouth Long Distance Customer,

BellSouth BSE, Inc. (BSE) will soon be merging with BellSouth Long Distance, Inc., pending approval by all appropriate regulatory agencies. This merger of BellSouth affiliates will have no impact on the services that you currently purchase from BellSouth Long Distance. The changes as a result of the merger are as follows:

- If you currently have a contract with BellSouth Long Distance for Frame Relay services, the local component of your BellSouth Long Distance Frame Relay service is contracted with and provided by BSE. Effective with the merger, your contract for local Frame Relay service will be assigned from BSE to BellSouth Long Distance. There will be no changes to the terms, rates and conditions of your contract.
- Your current BellSouth Long Distance invoice references services provided by BellSouth Long Distance, Inc., BellSouth BSE, Inc., and BellSouth MNS, Inc. Effective with the merger, your invoice will no longer reference BellSouth BSE, Inc. as a provider of services.

As always, BellSouth Long Distance appreciates your business and looks forward to providing all your long distance communications needs. If you have any questions regarding this BellSouth affiliate merger, please contact us at 1-800-895-2222.